

IC 20-42.5-2

Chapter 2. Authority to Allocate Expenditures to Student Instruction and Learning

IC 20-42.5-2-1

Actions to reduce noninstructional expenditures

Sec. 1. A school corporation individually, in collaboration with other school corporations, and through the educational services centers may undertake action to reduce noninstructional expenditures and allocate the resulting savings to student instruction and learning.

Actions taken under this section include the following:

(1) Pooling of resources with other school corporations for liability insurance, property and casualty insurance, worker's compensation insurance, employee health insurance, vision insurance, dental insurance, or other insurance, whether by pooling risks for coverage or for the purchase of coverage, or by the creation of or participation in insurance trusts, subject to the following:

(A) School corporations that elect to pool assets for coverage must create a trust under Indiana law for the assets. The trust is subject to regulation by the department of insurance as follows:

(i) The trust must be registered with the department of insurance.

(ii) The trust shall obtain stop loss insurance issued by an insurer authorized to do business in Indiana with an aggregate retention of not more than one hundred twenty-five percent (125%) of the amount of expected claims for the following year.

(iii) Contributions by the school corporations must be set at one hundred percent (100%) of the aggregate retention plus all other costs of the trust.

(iv) The trust shall maintain a fidelity bond in an amount approved by the department of insurance. The fidelity bond must cover each person responsible for the trust for acts of fraud or dishonesty in servicing the trust.

(v) The trust is subject to IC 27-4-1-4.5 regarding claims settlement practices.

(vi) The trust shall file an annual financial statement in the form required by IC 27-1-3-13 not later than March 1 of each year.

(vii) The trust is not covered by the Indiana insurance guaranty association created under IC 27-6-8. The liability of each school corporation is joint and several.

(viii) The trust is subject to examination by the department of insurance. All costs associated with an examination shall be borne by the trust.

(ix) The department of insurance may deny, suspend, or revoke the registration of a trust if the commissioner finds that the trust is in a hazardous financial condition, the trust

refuses to be examined or produce records for examination, or the trust has failed to pay a final judgment rendered against the trust by a court within thirty (30) days.

(B) The department of insurance may adopt rules under IC 4-22-2 to implement this subdivision.

(2) Electing, as an individual school corporation or as more than one (1) school corporation acting jointly, to aggregate purchases of natural gas commodity supply from any available natural gas commodity seller for all schools included in the aggregated purchases. A rate schedule that is:

(A) filed by a natural gas utility; and

(B) approved by the Indiana utility regulatory commission; must include provisions that allow a school corporation or school corporations acting jointly to elect to make aggregated purchases of natural gas commodity supplies. Upon request from a school corporation, a natural gas utility shall summarize the rates and charges for providing services to each school in the school corporation on one (1) summary bill for remitting payment to the utility.

(3) Consolidating purchases with other school corporations or units of government of the following:

(A) School buses and other vehicles and vehicle fleets.

(B) Fuel, maintenance, or other services for vehicles or vehicle fleets.

(C) Food services.

(D) Facilities management services.

(E) Transportation management services.

(F) Textbooks, technology, and other school materials and supplies.

(G) Any other purchases a school corporation may require.

Purchases may be made by contiguous school corporations, as part of regional consolidated purchasing arrangements, or from consolidated sources under multistate cooperative bidding arrangements.

As added by P.L.2-2007, SEC.240.

IC 20-42.5-2-2

Shared services arrangements

Sec. 2. A school corporation may use shared services arrangements with other school corporations and units of government, including:

(1) the use of shared administrative services overseeing transportation, food service, facilities, or other operations;

(2) the use of shared administrative services to manage finance, payroll, human resources, information technology, purchasing, or other administrative services; and

(3) the use of shared resources to provide instruction, supplemental services, extracurricular activities, or other student services.

School corporations are not required to merge schools, consolidate, or otherwise relinquish control of curriculum, instruction, or student activities to use shared services arrangements.

As added by P.L.2-2007, SEC.240.

IC 20-42.5-2-3

Collaboration with contiguous school corporations

Sec. 3. A school corporation may collaborate with contiguous school corporations to explore the use of cooperatives among school corporations, commonly managed school corporations, or the consolidation of school corporations to provide effective and efficient management of the school corporations or functions of the school corporations.

As added by P.L.2-2007, SEC.240.

IC 20-42.5-2-4

Support by educational service centers; reporting of efforts to state board

Sec. 4. (a) Educational service centers established under IC 20-20-1 shall support and facilitate actions by school corporations under this article, including by the use of an educational service center's existing cooperative agreements.

(b) School corporations and educational service centers may use the division of finance of the department and the office of management and budget to provide technical assistance under this article.

(c) Not later than August 31 of each year, the educational service centers shall report to the state board the results of the efforts of the educational service centers under this article during the preceding school year.

As added by P.L.2-2007, SEC.240.